

# TOPICS & REPORT

Teachers' Retirement System of the State of Illinois



## Executive director's message



**Jon Bauman**  
Executive Director

### Precious lives, impressive statistics

Jaws drop at the mention that the oldest person receiving a TRS pension from TRS is 107. I cite such statistics often, particularly when testifying before legislative committees. Why? It instantly reminds everyone of the precious and sometimes fragile lives that depend on TRS for their livelihoods.

At TRS, we never forget that the welfare of Illinois teachers is our most important task. Each pension is a person, each letter an important concern, and each phone call a chance to serve.

TRS staff members feel a special attachment to our older members, many of whom we know primarily through written correspondence over many years.

Their files preserve a different era, when applications were carefully written, using the best penmanship and a fountain pen. Letters from TRS were typewritten with carbon copies carefully preserved on economical newsprint. School years were shorter and compensation much lower.

Our oldest member began teaching in 1916 when the school year in her community was just seven months. Her reported salary was \$280 for the entire school year.

In total, 123 individuals over the age of 100 receive a pension, disability, or survivor benefit from TRS. Of these, 15, or roughly 15 percent, are survivors of TRS members. One might speculate the lopsided ratio suggests it is better to be a teacher than to be married to one.

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## TRS sheds Sudan assets

### Divestment comes with a cost to the System

TRS has begun selling its investments in companies that do business in Sudan in compliance with a new state law. The Illinois General Assembly approved the law in 2005 to protest ethnic violence in Darfur by requiring divestment of all Illinois public pension funds from Sudan. TRS fully supports efforts to end the atrocities in Sudan. However, sometimes even the most well-intentioned laws have unintended consequences.

The law has forced Illinois pension systems to divest from companies that have a "relationship" with the government of Sudan. What constitutes a "relationship" is vague and has resulted in Illinois pension systems divesting of holdings in large foreign and domestic companies that are operating legally and within existing restrictions that have been put into place by the United States government. Unlike the case of the South Africa divestment legislation that was enacted in response to apartheid, the federal government has not taken the lead in specifically identifying companies that are in violation of the current U.S. foreign policy. As a result, TRS and its sister pension funds in Illinois retained an independent research firm to review global security risks and identify a list of "forbidden" public companies that have a relationship with firms headquartered in Sudan.

**Sudan divestment continued on page 4**



Retirement Security for Illinois Educators

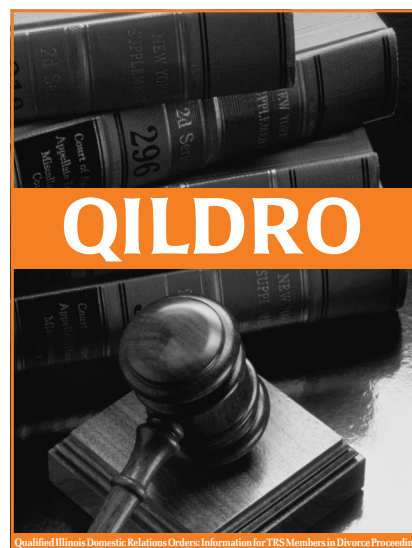
## New QILDRO law effective July 1, 2006

Qualified Illinois Domestic Relations Orders (QILDROs, pronounced kwil-drōs) changed significantly on July 1, 2006. QILDROs are court orders that direct TRS to pay a portion of a member's benefit or refund to an alternate payee, typically a former spouse. It is not necessary to obtain a new QILDRO if you already have a valid QILDRO on file with TRS.

Our QILDRO publication explains the new QILDRO in detail and is accessible on our Web site, [trs.illinois.gov](http://trs.illinois.gov). Under the amended QILDRO law, the alternate payee's share may be expressed in dollar amounts or in percentages. If the QILDRO uses percentages, a second court order — the Calculation Order — will be necessary to tell TRS how much to pay the alternate payee. You may wait to obtain the Calculation Order until the amount of the retirement benefit is known. This two-step process may be useful when divorce occurs long before the member retires.

The amended law also allows lump-sum death benefits to be allocated to the alternate payee. The old QILDRO law did not apply to death benefits. Even under the new law, monthly survivor benefits cannot be allocated to a former spouse.

As a new service, you may now complete the QILDRO forms online at [trs.illinois.gov](http://trs.illinois.gov). Once approved by the court, send a certified copy of the court order to TRS with the required \$50 processing fee. The member's signed consent form is also required if TRS membership began before July 1, 1999. If you have any questions about the new QILDRO after reviewing our QILDRO publication, please contact the TRS General Counsel's Office. **TRS**



Our QILDRO booklet is available online at [trs.illinois.gov](http://trs.illinois.gov) or by contacting TRS.

### Executive director's message *(continued from page 1)*

#### Expect a long retirement

Age	Life expectancy
55	84
60	85
65	85
70	86
75	88
80	90
85	93
90	96
95	99
100	103

Information provided by our actuaries, Buck Consultants, suggests that most TRS members can expect to live many years in retirement. It also shows the irony of life expectancy: the longer you live, the longer you can expect to live.

During the summer season, we frequently meet members and retirees when they visit the capital city. If we can be of service, we'd love to see you. Be sure to pause for a moment by the lobby display that includes an original journal showing retirements granted in 1918 by our predecessor retirement system. It will certainly help us all to appreciate the tremendous improvements in teacher pay and retirement benefits.

We send our best wishes for a wonderful summer season. May it charge your batteries and make you eager to continue the noble task of educating our youth.

Jon Bauman  
Executive Director

## Legislative update

The Legislature adjourned the second session of the 94th General Assembly on May 4. While the originally scheduled adjournment date of April 7 was not achieved, it is still one of the earliest adjournments in recent memory. Last minute budget negotiations and the necessary resolution of several pieces of legislation delayed the end of session. The General Assembly will reconvene in November.

TRS will receive \$738 million in state contributions for fiscal year 2007. This amount was provided under Public Act 94-0004 which became law in June 2005. The contribution is a \$497 million reduction from the projected contribution of \$1.235 billion. TRS continues to analyze the impact of the funding reductions on the long-term financial health of TRS. However, benefits will continue to be paid without any interruption or delay.

In June, House Bill 4463 and Senate Bill 1977 were signed into law. The other bills will also affect TRS membership if they become law.

### Teachers' Aide Credit

#### House Bill 4463

On June 6, the Governor signed this bill into law as Public Act 94-0834. It allows a TRS member who has accumulated less than one year of total service under IMRF as a teacher's aide to apply that time toward his or her total service credit. The credit can be used if the member was a teacher's aide under IMRF, changed employment to a TRS covered position, and is considered eligible to retire under the Reciprocal Act.

### Senate Bill 1977

#### Pension Stabilization Fund

An additional funding source is provided in this legislation, which was signed into law by the Governor on June 6 as Public Act 94-0839, for the five state-funded pension systems by establishing the Pension Stabilization Fund (PSF) as a special fund in the state treasury. The PSF will receive funds when the state is experiencing significant revenue growth over specified thresholds contained in the bill. Additionally, the Governor may deposit up to \$25 million in the PSF by August 31, 2006. All funds in the PSF would be distributed in proportion to the five state-funded systems' unfunded liabilities.

### House Bill 5331

#### Retirees Return to Work

The legislation extends the provision that allows retired teachers to return to work for 120 days or 600 hours without entering into active service. It passed the General Assembly and is awaiting action by the Governor. Provided the bill is signed into law, the provision will be extended until June 30, 2011.

At press time, the current provision was set to expire on June 30, 2006 with the limitation reverting to 100-paid days or 500-paid hours.

### Senate Bill 49

#### 6 Percent Exemptions Approved

The provisions in Senate Bill 49 modify the 6 percent final average salary employer contribution requirements effective under Public Act 94-0004.

Public Act 94-0004 requires a retirement contribution from a school district when a member receives a pay increase over 6 percent and that



salary is used in his or her final average salary calculation, with no exemptions.


TRS will provide guid-

ance on the administration of the legislation once the bill is acted upon by the Governor.

The following is a brief description of the exemptions contained in the bill:

1. Salary increases paid to a teacher who is 10 or more years from retirement eligibility.
2. The transfer of a teacher from one employer to another caused by school consolidation or annexation.
3. Earning increases that result from overload work and summer school.
4. Earning increases due to promotions when the employee is required to hold a certificate or supervisory endorsement issued by the State Teacher Certification Board.
5. Payment to a teacher from the state of Illinois or the State Board of Education when the employer does not have discretion.

School districts must provide an affidavit attesting to a member's final average salary exemption for an increase over 6 percent. The amount of time a district may dispute a charge and payment of any school district contribution is also specified in the bill.

Exemptions will apply to contracts entered into, amended, or renewed after June 1, 2005 but before July 1, 2011. Exemptions for these contracts will continue until July 1, 2014. All of the exemptions will end after June 30, 2014. 



## Post-retirement limitations exist for annuitants

Annuitants will not exceed post-retirement teaching limitations if they follow these guidelines. Usually, there are no restrictions for working in a position that is not covered by TRS.

**Same school year limitation.** If you return to a TRS-covered position in the same school year that you last contributed to TRS, your retirement annuity will be canceled and you will be required to repay all annuity payments. The school year ends June 30.

**Employment in subsequent school years.** Following the school year in which you last contributed to TRS, you may be employed in a TRS-covered position for up to 120-paid days or 600-paid hours per school year and still receive a retirement annuity (will revert to 100-paid days or 500 paid hours on July 1, 2006, if legislation is not extended). However, you must wait 30 days from the effec-

tive date of your resignation before performing any post-retirement teaching for the same employer.

### Consequences of breaking limitations

If you exceed the limitations during the first year following retirement, your retirement annuity will be canceled and you will be required to repay all annuity payments. Contributions will be required on earnings for the entire period of employment.


If you violate the post-retirement employment restrictions in subsequent years, your retirement annuity will be suspended and you will return to active member status. This means you will start making contributions to TRS for the salary you earned after the limitation was exceeded. You will have to repay any annuity paid after you attain 120 work days or 600 work hours (will


revert to 100 work days or 500 work hours on July 1, 2006 if legislation is not extended).

### Reciprocal Act

If you retired under the Retirement Systems Reciprocal Act, you should contact each system for the employment limitations that apply.

### Non-TRS employment

You may be employed by any college, university, private school, or out-of-state public school district after retirement without limitations. A school district may also employ you in a position not covered by TRS, such as a bus driver. 


**Teachers' Retirement Insurance Program (TRIP) premiums became effective on July 1. The new premium costs will be reflected in participants' August 1 benefit checks.** 

## Sudan divestment *(continued from page 1)*

During the first quarter of 2006, TRS incurred \$1.2 million in costs to implement the law. In addition, TRS has divested \$2.4 billion from commingled funds since the act took effect in January. The System's investment managers must still sell off additional securities in order to comply with the law. The costs incurred so far by TRS do not include lost opportunities in private equity investments. The System was recently excluded from a Texas Pacific Group (TPG) fund because of the requirements of the Sudan divestment law.

The law requires private equity general partners to sign sworn affidavits certifying that none of their portfolio companies do business in Sudan. The general partners can be held personally liable if they are found in non-compliance with the law. TPG, which has an existing relationship with the System, has no investments in Sudan and no plans to invest there in the future. However, the firm did not want to risk non-compliance with a law that is not clearly defined.

Private equity investments have outperformed all other asset classes at TRS, reaping a 27.5 percent rate of return last year alone. However, the requirements of the act could severely curtail future private equity investments and potentially jeopardize current contractual commitments with our private equity partners. Some believe the law conflicts with the fund's fiduciary duties to act solely in the interest of plan participants and their beneficiaries.

TRS condemns the ethnic violence and human rights abuses that have occurred in Sudan. But the unintended impact of the law affects the System's competitive position for key investments and creates additional costs. TRS endorses legislative changes to the act to ensure the Sudanese government, not Illinois' public pension systems, bears the brunt of the law. 

## **Fall member meetings explain retirement process and benefits**

Learn about the retirement process, disability and death benefits, the Teachers' Retirement Insurance Program, and more at our fall meetings. TRS will host 81 statewide meetings from September 11 to November 15, 2006, that are designed to explain the retirement process and to provide you with information about various benefits available through TRS.

The meetings are being conducted in cooperation with regional offices of education and selected school districts. The following locations and dates are now being arranged. Please check our Web site, [trs.illinois.gov](http://trs.illinois.gov), and look for notices this fall at your district offices to confirm the locations and time of the meeting closest to you. At press time, all meetings were scheduled to begin at 4:30 p.m.

<b>Alton</b> October 24	<b>Champaign</b> October 23	<b>Elmhurst</b> September 14	<b>Kankakee</b> September 13	<b>Mt. Carmel</b> September 19	<b>Quincy</b> November 6
<b>Arlington Hts.</b> October 17	<b>Charleston</b> September 13	<b>Evanston</b> October 24	<b>Kewanee</b> September 11	<b>Mt. Vernon</b> September 28	<b>Rockford</b> October 18
<b>Aurora</b> November 8	<b>Chicago Heights</b> September 28	<b>Fairbury</b> November 9	<b>LaSalle-Peru</b> October 17	<b>Murphysboro</b> October 4	<b>South Holland</b> October 12
<b>Barrington</b> September 20	<b>Collinsville</b> October 25	<b>Flora</b> September 25	<b>Lincoln</b> October 30	<b>Newton</b> September 20	<b>Sparta</b> October 16
<b>Beardstown</b> November 8	<b>Crystal Lake</b> November 2	<b>Galesburg</b> October 4	<b>Machesney Park</b> September 26	<b>Normal</b> October 19	<b>Springfield</b> October 10
<b>Belleville</b> October 18	<b>Danville</b> October 12	<b>Granite City</b> November 14	<b>Macomb</b> October 5	<b>North Chicago</b> October 24	<b>Sterling</b> October 19
<b>Benton</b> September 27	<b>Decatur</b> November 14	<b>Grayslake</b> October 4	<b>Manlius</b> September 13	<b>Oak Lawn</b> September 19	<b>Sycamore</b> November 2
<b>Bethalto</b> November 2	<b>Des Plaines</b> September 19	<b>Harrisburg</b> September 20	<b>Marion</b> September 19	<b>Oak Park</b> November 1	<b>Taylorville</b> October 25
<b>Bloomington</b> October 18	<b>Dixon</b> October 3	<b>Herrin</b> October 5	<b>Mascoutah</b> October 19	<b>O'Fallon</b> October 30	<b>Tinley Park</b> September 12
<b>Bourbonnais</b> November 9	<b>Dunlap</b> November 1	<b>Highland</b> November 15	<b>Mattoon</b> September 14	<b>Olney</b> September 18	<b>Troy</b> November 1
<b>Canton</b> October 23	<b>East St. Louis</b> October 12	<b>Hillsboro</b> October 11	<b>Moline</b> September 12	<b>Paris</b> September 12	<b>Waterloo</b> October 17
<b>Carbondale</b> October 3	<b>Edwardsville</b> November 6	<b>Hoopeston</b> October 11	<b>Monmouth</b> October 3	<b>Peoria</b> November 8	<b>West Frankfort</b> September 26
<b>Carmi</b> September 21	<b>Effingham</b> September 26	<b>Jacksonville</b> October 26	<b>Morton</b> November 9	<b>Pontiac</b> November 8	<b>Wheaton</b> October 5
<b>Centralia</b> October 16	<b>Elgin</b> October 3	<b>Jerseyville</b> November 13			

## New and promoted TRS employees are working for you

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**Jana Bergschneider**, B.S., CPA, was promoted to serve as director of administration at TRS on February 1. Jana began her career at TRS in 1996 as an auditor in the Employer Services Department. In 1998, she moved to the Claims Unit as a supervisor and later served as a claims manager. As the director of

administration, Jana oversees the Information Systems, Administrative Services, Accounting, and Employer Services Departments at TRS. She is responsible for preparing annual financial statements, overseeing the external audit, implementing public policy, overseeing the purchases of goods and services, and monitoring technology improvements at TRS.



**Eva Goltermann** was hired as the public information officer on February 6. She has 15 years experience working as a radio news journalist, including a dozen years covering the Illinois Legislature, state government, and politics. The past two years, Eva ran a public relations business that developed media

strategies for clients with issues pending before the Illinois General Assembly. As the public information officer, Eva answers press inquiries, arranges media interviews with other TRS executives, writes news releases, and contributes articles to this newsletter.



**Lori Dour**, B.S., CPA, was promoted to serve as claims manager on May 8. Lori began her career at TRS in 2003 as an internal auditor. She performed audits of all facets of TRS operations and reported the results to the Board of Trustees. As claims manager, Lori oversees a team of dedicated staff responsible for the

research, calculation, and verification of all types of member claims including retirement, survivor benefit, disability, and refund claims.



**Tassi Maton**, B.S., CPA, CIA, was promoted to serve as manager of investment operations on February 1. Tassi began working at TRS in 2004 as an investment accounting manager, where she supervised the accounting personnel within the Investment Department. She processed investment manager fees,

verified investment performance and reporting, and prepared financial information for year-end reporting. As manager of investment operations, Tassi continues to perform her previous job duties in addition to overseeing investment manager compliance guidelines, policies, and procedures.




**Jennifer Grimes**, B.S., MPA, was hired as a research analyst for TRS on May 16. She began her career at TRS in August of 2004 as part of the Graduate Public Service Intern Program at the University of Illinois at Springfield (UIS) assisting the Research and Governmental Affairs Departments. In 2006, she was the

recipient of a prestigious student scholarship awarded by the Government Finance Officers Association and she received a Master of Public Administration from UIS. As research analyst, Jennifer will collect and analyze data, perform research on issues or legislation affecting TRS and assist in the implementation of public policy.



**Mona Scoles** was promoted to the position of systems design manager on April 17. She began working at TRS in 1989 as a programmer. Over the years, she has served as a programmer analyst and as a systems analyst, working closely with TRS staff to design the TRS STAR System. As systems design manager,

Mona leads a team dedicated to the design and documentation of the TRS STAR System, the secure area of the TRS Web site, and the Integrated Voice Response System. 

## Lesson in kindness: Teacher donates kidney to student

*"I couldn't imagine not giving it to him. He's only 10 years old, he has a long life ahead of him and the transplant saved his life." Patsy Donahue, teacher and organ donor.*

Self-sacrifice is often an unwritten duty of being a teacher. Patsy Donahue, a first-year teacher in New Lenox, exemplified that standard when she donated a kidney to one of her students in May. Donahue learned last fall that one of the students in her class suffered from a dangerous kidney disease. Two years ago, 10-year-old Brandon Shafer was diagnosed with polycystic kidney disease, which causes kidney failure, liver failure, and renal disease. Organ transplantation and dialysis are the only forms of treatment.

After hearing of Brandon's condition, the fourth grade Oster-Oakview Elementary School teacher immediately volunteered to be tested to determine if she was an eligible donor. "I knew when I first started the testing that I would do it if I was a match. There was no question," said Donahue.

After months of medical screenings, the 25 year old learned in March that she was indeed a match. Donahue is no stranger to the importance of organ donation: her father, who had been diagnosed with leukemia, received a life-saving bone marrow transplant eight years ago from his

brother. Donahue says her dad's leukemia remains in remission.

On May 1, doctors at Chicago's Northwestern Memorial Hospital removed one of Donahue's kidneys. The organ was later transplanted into Brandon's body at Children's Memorial Hospital in Chicago. Doctors declared both surgeries as successes and both teacher and student were discharged from the hospitals within weeks of the procedures.

"I couldn't imagine not giving it to him," Donahue said. "He's only 10 years old, he has a long life ahead of him, and the transplant saved his life." Dr. Riccardo Superina performed the transplant at Children's Memorial Hospital. "When you think about it, when a teacher is so dedicated to the well being of her pupils, that she would donate part of herself, is really remarkable," Superina said.

As news spread around the school about Donahue's generosity, the other teachers at Donahue's school, the entire student body and their families mobilized to do what they could to help Brandon and his parents defray the thousands of dollars in additional medi-

*"When you think about it, when a teacher is so dedicated to the well being of her pupils, that she would donate part of herself, is really remarkable."*

*—Dr. Riccardo Superina*



*Patsy Donahue and Brandon Shafer*



*Brandon's friend, Tony Prospero, donates his hair.*


cal costs. "The staff, the students and their families rallied around Brandon. Patsy created a contagious act of giving," said Mary Kay Campbell, administrative assistant at Oster-Oakview Elementary School. Campbell said students in all the grades participated in several fundraisers. They paid a dollar each to wear hats on Wednesdays. Each class competed to bring in the most pennies. The students continued collection efforts to benefit the Ronald McDonald House. Brandon's friends sold raffle tickets to determine who would cut their hair, which would be donated to Locks of Love for cancer patients. "The atmosphere in the school is incredible. Students are holding their heads high. All 600 kids feel like they've contributed something," said Donahue.

In all, the students raised \$7,777 for Brandon. The check was presented to Brandon at a special school



**Kindness** *(continued from page 7)*

assembly held May 12 to honor him and his teacher for Make a Difference Day. The assembly featured local, state, and federal dignitaries; 17 students and Donahue got their hair cut for Locks of Love; and both Donahue and Brandon received letters written to them from President Bush.

Brandon’s plight and his teacher’s response received national media attention. She has received hundreds of letters from people who were inspired by their story and who now want to become organ donors. She’s pleased she has raised donor awareness. But Donahue hopes the biggest lesson she taught was “kindness is something lifelong. It’s not just what you do in school that counts.” 

Board actions can be found on our Web site, [trs.illinois.gov](http://trs.illinois.gov).

**Office Information**

2815 West Washington, P.O. Box 19253  
Springfield, IL 62794-9253  
  
4200 Commerce Court, Suite 100  
Lisle, IL 60532-3611

**Phone**  
Toll Free: (800) 877-7896  
Forms Order Line: (800) 207-6948

**Address changes**  
To ensure that all information about your retirement benefit reaches you, please notify us each time your mailing address changes. You may call us or send us the following information in writing:

**E-mail**  
[members@trs.illinois.gov](mailto:members@trs.illinois.gov)  
Contact us to add your e-mail address to our e-mail notification list.

**Web site**  
[trs.illinois.gov](http://trs.illinois.gov)

- your name and Social Security number
- former street address, city, state, and ZIP
- new street address, city, state, and ZIP
- daytime telephone number.

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**Topics & Report**

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Editor: Kathy Pearce — [kpearce@trs.illinois.gov](mailto:kpearce@trs.illinois.gov)  
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